

Message Text

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C O R R E C T E D C O P Y CAPTION AND CLASSIFICATION

E.O. 11652: GDS

TAGS: PFOR PARM BR

SUBJ: NUCLEAR CONTROVERSY

1. SUMMARY. RIO BUSINESSMAN WHO IS LONGSTANDING FRIEND OF FINANCE MINISTER SIMONSEN AND HAS JUST HAD LONG MEETING WITH HIM TOLD CONGEN RIO THAT SIMONSEN HOPES DURING HIS UPCOMING VISIT TO WASHINGTON TO MOVE US-BRAZIL NUCLEAR DISPUTE CLOSER TOWARD SETTLEMENT. PRESIDENT GEISEL IS SAID TO BE WORRIED ABOUT EFFECT OF THIS ISSUE ON US-BRAZIL RELATIONS AND TO BE READY TO SIGN NON-PROLIFERATION TREATY. END SUMMARY.

2. JOSE LUIS MAGALHAES LINS CONCTATED SAO PAULO POLOFF BENTLEY, A LONGSTANDING ACQUAINTANCE, MARCH 28, STATING THAT HE HAD IMPORTANT INFORMATION TO PASS ON BASED ON SIX HOUR CONVERSATION WITH HIS OLD FRIEND FINANCE MINISTER SIMONSEN RELEVANT TO SIMONSEN'S UPCOMING VISIT TO US. MAGALHAES LINS, VICE PRESIDENT OF ATLANTICO-BOAVISTA INSURANCE COMPANY, RIO, IS MEMBER OF POLITICALLY PROMINENT MINAS GERAIS FAMILY WHICH INCLUDES SENATOR
SECRET

SECRET

PAGE 02 BRASIL 02474 040904Z

MAGALHAES PINTO, FORMER FOREIGN MINISTER. HE HAS HAD MANY CONTACTS OVER THE YEARS WITH OFFICERS OF EMBASSY AND CONSULATE GENERAL, RIO, AND HAS DEMONSTRATED A CONTINUING INTEREST IN CONTRIBUTING WHENEVER POSSIBLE TO GOOD US-BRAZIL BILATERAL RELATIONS. MAGALHAES LINS TOLD BENTLEY THAT SIMONSEN HAD AUTHORIZED HIM TO CONVEY CERTAIN CONCERNS TO USG.

3. EMBASSY INSTRUCTED CONGEN DEXTER IN RIO TO MEET WITH MAGALHAES LINS AND REPORT HIS INFORMATION. FOLLOWING IS TEXT OF DEXTER'S REPORT. QUOTE.

2. I CALLED ON MAGALHAES TODAY AND IN LENGTHY PRE-LUNCH CONVERSATION, HE RECOUNTED A SIX-HOUR DISCUSSION HE HAD HAD WITH FINANCE MINISTER SIMONSEN ON MARCH 25 AT MAGALHAES' HOME IN RIO. MAGALHAES SPOKE FROM NOTES AND WITH CARE TO ASSURE THAT I UNDERSTOOD AND ACCURATELY MADE MY OWN NOTES OF WHAT HE HAD TO SAY. AS BACKGROUND HE DESCRIBED THE VERY CLOSE PERSONAL RELATIONSHIP HE HAD ENJOYED WITH SIMONSEN OVER PAST TWENTY YEARS WHICH PUT THEM ON BASIS OF COMPLETE INTIMACY AND UNDERSTANDING.

3. MAGALHAES RECOUNTED HOW IN THE CONVERSATION HE HAD TOLD SIMONSEN ABOUT HIS APPREHENSIONS CONCERNING DETERIORATING RELATIONS WITH US IN CONTEXT OF THE NUCLEAR CONTROVERSY AND IN WAKE OF GOB RENUNCIATION OF US AID ON ACCOUNT OF HUMAN RIGHTS REPORT. SIMONSEN SHARED HIS CONCERNS AND CONFIDED TO MAGALHAES SOME DISTURBING DETAILS CONCERNING DEPUTY SECRETARY CHRISTOPHER'S TALKS IN BRASILIA. DURING CHRISTOPHER'S VISIT ON MARCH 1, PRESIDENT TOLD SIMONSEN IN PRESENCE OF GENERAL ABREU, AND IN VERY AGITATED STATE, THAT CHRISTOPHER HAD THREATENED SUSPENSION OF US ECONOMIC AND MILITARY ASSISTANCE IF BRAZIL DID NOT GO ALONG WITH US ON NUCLEAR ISSUE. HE SOUGHT SIMONSEN'S ADVICE ON WHAT THIS WOULD MEAN. SIMONSEN TOLD GEISEL HE COULD RESIST SUCH PRESSURE. SUBSEQUENTLY, HOWEVER, HE HAD DOUBTS ABOUT THE LOGIC OF THE ALLEGED THREAT AND SPOKE TO AMBASSADOR CRIMMINS

SECRET

SECRET

PAGE 03 BRASIL 02474 040904Z

ABOUT IT. THE LATTER CATEGORICALLY DENIED ANY SUCH THREAT. WHEN THIS WAS REPORTED TO THE PRESIDENT, HE COMMENTED THAT EITHER SILVEIRA OR CRIMMINS WAS LYING AND SIMONSEN SAID HE WAS SURE THE LIAR WAS SILVEIRA.

4. SIMONSEN HAD SUBSEQUENT CONVERSATIONS WITH PRESIDENT ABOUT THE NUCLEAR PROBLEM AND LAST FRIDAY DISCOVERED THAT PRESIDENT HAD DEVELOPED A NEW ATTITUDE ON THE SUBJECT. WORRIED ABOUT DETERIORATION IN RELATIONS WITH US, HE TOLD SIMONSEN HE WANTED AN AGREEMENT WITH THE US AND WAS PREPARED TO SIGN THE NON-PROLIFERATION TREATY.

5. SIMONSEN TOLD MAGALHAES HE WANTS TO DO EVERYTHING POSSIBLE TO MOVE MATTERS FORWARD IN LIGHT OF GEISEL'S WELCOME CHANGE OF VIEWS BUT SILVEIRA IS AN INTRACTABLE OBSTACLE. A NEW NEGOTIATOR IS NEEDED TO START THE BALL ROLLING AND SIMONSEN SEES HIMSELF AS BEST QUALIFIED FOR THE ROLE. MAGALHAES ENCOURAGED HIM IN THIS AND URGED HIM TO ACCEPT THE RISK INVOLVED IN A PERSONAL INITIATIVE, I.E., TO MAKE AN END-RUN AROUND

SILVEIRA BY RAISING THE SUBJECT WITH TREASURY SECRETARY BLUMENTHAL DURING HIS FORTHCOMING VISIT TO WASHINGTON. THEN, ACCORDING TO MAGALHAES, THEY WILL HAVE TO AWAIT THE UNFOLDING OF EVENTS AND SEE WHETHER SECRETARY VANCE OR THE PRESIDENT TAKE FOLLOW-UP ACTION.

6. IF WASHINGTON IS INTERESTED, MAGALHAES SAID, A FORMULA WILL HAVE TO BE FOUND TO JUSTIFY IT AND GIVE AN "HONORABLE" APPEARANCE TO GEISEL'S POLICY CHANGE, ALTHOUGH MAGALHAES DID NOT SUGGEST WHAT THAT FORMULA MIGHT BE. IN ANY CASE, HE SAID GEISEL WOULD NOT BE ABLE TO ACT IMMEDIATELY BUT WOULD REVEAL HIS NEW POSITION ONLY AFTER CERTAIN "THEATRICAL" MANEUVERS IN BRAZIL. AFTER THAT FINAL NEGOTIATIONS WOULD BE UNDERTAKEN THROUGH NORMAL CHANNELS UNDER SILVEIRA, WHO WOULD HAVE TO FOLLOW ORDERS AT THAT STAGE.

7. IN RESPONSE TO MY QUESTIONS ABOUT HOW THE SILVEIRA
SECRET

SECRET

PAGE 04 BRASIL 02474 040904Z

OBSTACLE WOULD BE OVERCOME, MAGALHAES INSISTED THAT THIS WAS A BRAZILIAN PROBLEM THAT THE US SIDE NEED NOT WORRY ABOUT. IN ADDITION, HE THOUGHT WE SHOULD PERCEIVE THAT THE "RISK" IN THE SIMONSEN APPROACH WOULD BE ENTIRELY HIS AND COULD NOT HURT THE US.

8. MAGALHAES SAID HE WAS REPORTING ALL THIS, AS AN EXTREMELY SERIOUS MATTER, BECAUSE HE THOUGHT SECRETARY BLUMENTHAL SHOULD BE ADVISED IN ORDER TO READY THE US RESPONSE. SIMONSEN DOES NOT REQUIRE ANY SIGNAL FROM THE US SIDE PRIOR TO HIS WASHINGTON VISIT BUT WOULD WELCOME A HINT OF THE PROBABLE US REACTION. SHOULD THERE BE ONE, MAGALHAES ASKED THAT IT BE CONVEYED PRIVATELY TO HIM FOR PASSING TO SIMONSEN.

9. NOTE: I ASKED MAGALHAES IF THERE WOULD BE ANY OBJECTION TO AMBASSADOR CRIMMINS RAISING THIS SUBJECT DIRECTLY WITH SIMONSEN BEFORE THE LATTER'S DEPARTURE. MAGALHAES RESPONDED EMPHATICALLY, WITHOUT HESITATION, THAT THIS WOULD NOT BE DESIRABLE (NAO CONVEM), THAT THE AMBASSADOR SHOULD "IGNORE" IT IN ANY ENCOUNTER HE MIGHT HAVE WITH THE MINISTER. AFTER SIMONSEN'S RETURN, HOWEVER, IT WOULD BE SAFE TO DISCUSS IF AMBASSADOR HAD SOME OTHER PRETEXT FOR A PRIVATE MEETING.
UNQUOTE:
CRIMMINS

SECRET

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TAGS: PFOR, PARM, MNUC, BR, US, (MAGALHAES LINS, JOSE LUIS)
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